



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #376

BadgerCare Base Reestimate (DHFS -- Health Care Financing -- Base Funding and Revenue)

[LFB 2003-05 Budget Summary: Page 202, #3]

CURRENT LAW

BadgerCare funds health care costs for families with household income at or below 185% of the federal poverty level (FPL). Once enrolled, families can remain enrolled as long as their household income does not exceed 200% of the FPL. Individuals that are eligible for the state's medical assistance (MA) program are not eligible for BadgerCare. In 2003, 185% of the FPL is equivalent to \$28,231 annually for a family of three.

As of the end of March, 2003, there were 106,654 individuals (71,108 adults and 35,546 children) enrolled in BadgerCare. The program is supported with: (a) GPR; (b) federal funds, including federal MA matching funds and funds the state receives under the state children's health insurance program (SCHIP); (c) program revenue, which is revenue from premiums paid by enrollees with income above 150% of the federal poverty level; and (d) segregated funding from the MA trust fund.

2002-03 Funding. 2003 Wisconsin Act 1 increased funding for BadgerCare program benefits by \$33,661,900 (\$9,587,000 GPR, \$23,061,700 FED, and \$1,013,200 PR) in 2002-03 to fund a projected deficit. With the funding provided in Act 1, funding budgeted for BadgerCare totals \$192,007,200 (\$61,100,900 GPR, \$125,439,000 FED, \$4,306,600 PR, and \$1,160,700 SEG) in 2002-03.

GOVERNOR

Provide \$33,256,600 (\$11,569,900 GPR, \$21,501,100 FED, \$892,300 PR and -\$706,700 SEG) in 2003-04 and \$33,454,300 (\$11,654,200 GPR, \$21,653,500 FED, \$853,300 PR, and -\$706,700 SEG) in 2004-05 to fund projected costs of BadgerCare benefits in the 2003-05 biennium, based on current law.

DISCUSSION POINTS

1. It is currently estimated that the total cost of BadgerCare benefits in the next biennium, based on current law, will be \$212,600,400 (\$68,071,700 GPR, \$139,483,000 FED, and \$5,045,700 PR) in 2003-04 and \$229,959,400 (\$73,434,400 GPR, \$150,982,600 FED, and \$5,542,400 PR) in 2004-05. Attachment 1 of this paper identifies the current estimate and the difference between this estimate and base funding for the program and the funding provided in the Governor's budget.

Compared with the funding provided in the bill for BadgerCare benefits, the current estimate represents an increase of \$21,566,900 (\$5,102,300 GPR, \$15,604,600 FED and \$860,000 PR) in 2003-04 and \$38,728,200 (\$10,380,700 GPR, \$26,951,800 FED and \$1,395,700 PR) in 2004-05.

2. This estimate is based on more recent information regarding BadgerCare enrollment and costs than was available when the administration was preparing its estimate for inclusion in the Governor's bill. Additionally, this estimate includes revised estimates of enrollment and average costs. Neither the administration's estimate nor the current estimate includes funding to increase capitation payments made to health maintenance organizations (HMOs) serving BadgerCare enrollees or increases for fee-for-service providers.

3. The primary difference between the administration's estimate of total BadgerCare costs and the current estimate is attributable to different assumptions regarding the number of individuals that would be enrolled in BadgerCare in the next biennium. The current estimate assumes that the BadgerCare caseload will continue to grow at its current rate through the rest of this calendar year and then begin to slow for the rest of the biennium. The administration's estimate assumed that the BadgerCare caseload would total 105,078 by June 30, 2003, and would decrease by 1% per year in each year of the biennium. Attachment 2 of this paper compares the SB 44 enrollment projection with the current estimate.

4. It is believed that the weakened economy represents the primary contributing factor to BadgerCare enrollment growth over the last 18 months. Actual program enrollment and costs have exceeded projections since the program began in July, 1999. 2001 Wisconsin Act 1 and 2003 Wisconsin Act 1 both provided supplemental funding for BadgerCare benefits to address projected program deficits.

5. This estimate assumes that fee-for-services costs would increase by five percent

annually over the biennium, based on changes in the use of services not provided by HMOs. The administration's estimate assumed that fee-for-service costs would increase by 4.2% in 2003-04 and not increase in 2004-05. However, in the a letter to the Committee dated March 17, 2003, DOA Secretary Marotta requested that the funding budgeted for BadgerCare in the Governor's bill be increased by \$884,600 GPR and \$1,748,900 FED in 2003-04 and \$1,517,400 GPR and \$3,000,500 FED in 2004-05 to reflect the administration's estimates of higher fee-for-service costs.

MODIFICATION

Increase funding for BadgerCare benefits by \$21,566,900 (\$5,102,300 GPR, \$15,604,600 FED and \$860,000 PR) in 2003-04 and by \$38,728,200 (\$10,380,700 GPR, \$26,951,800 FED and \$1,395,700 PR) in 2004-05 to fully fund BadgerCare benefits in the next biennium based on current law.

<u>Modification</u>	<u>GPR</u>	<u>FED</u>	<u>PR</u>	<u>TOTAL</u>
2003-05 FUNDING (Change to Bill)	\$15,483,000	\$42,556,400	\$2,255,700	\$60,295,100

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 Attachments

ATTACHMENT 1

**BadgerCare Funding
2003-05 Biennium**

	2003-04				2004-05					
	<u>GPR</u>	<u>FED</u>	<u>PR</u>	<u>SEG</u>	<u>Total</u>	<u>GPR</u>	<u>FED</u>	<u>PR</u>	<u>SEG</u>	<u>Total</u>
Base Funding	\$51,399,500	\$102,377,300	\$3,293,400	\$706,700	\$157,776,900	\$51,399,500	\$102,377,300	\$3,293,400	\$706,700	\$157,776,900
Governor's Bill										
Total Funding	\$62,969,400	\$123,878,400	\$4,185,700	\$0	\$191,033,500	\$63,053,700	\$124,030,800	\$4,146,700	\$0	\$191,231,200
Change to Base	\$11,569,900	\$21,501,100	\$892,300	-\$706,700	\$33,256,600	\$11,654,200	\$21,653,500	\$853,300	-\$706,700	\$33,454,300
Current Estimate										
Total Funding	\$68,071,700	\$139,483,000	\$5,045,700	\$0	\$212,600,400	\$73,434,400	\$150,982,600	\$5,542,400	\$0	\$229,959,400
Change to Base	\$16,672,200	\$7,105,700	\$1,752,300	-\$706,700	\$54,823,500	\$22,034,900	\$48,605,300	\$2,249,000	-\$706,700	\$72,182,500
Change to Bill	\$5,102,300	\$15,604,600	\$860,000	\$0	\$21,566,900	\$10,380,700	\$26,951,800	\$1,395,700	\$0	\$38,728,200

ATTACHMENT 2

BadgerCare Enrollment Comparison of Projections

